

7 August 2009

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Dear Shareholder

Non-Renounceable Rights Issue

I wish to advise that Fluorotechnics Limited (**Company**) announced yesterday a non-renounceable 1:7 rights issue of fully paid ordinary shares at an issue price of \$0.28 per new share.

The need to undertake this rights issue has arisen as the increased growth in sales originally budgeted for the last quarter of 2009 has effectively been pushed back a number of months. However we remain confident in the sales prospects for the company for this 2010 financial year as you will see discussed in Business Progress section below.

The proceeds of the rights issue will be used to strengthen the Company's balance sheet and fund ongoing sales and marketing costs. If all new shares are taken up, the Rights Issue will raise approximately \$1,035,000.

Only Fluorotechnics shareholders registered at 7.00pm (Sydney time) on Tuesday, 18 August 2009 (**Record Date**) will be entitled to participate in the Rights Issue (**Eligible Shareholders**).

Due to costs and regulatory constraints, the Offer will only be available to Fluorotechnics shareholders with a registered address in Australia or New Zealand. This approach is permissible under the ASX listing rules.

Our largest shareholder Hunter Hall, will invest a further \$518,000 by taking up its full entitlement and also partly underwriting the Rights Issue. Also our new non-executive director Lars Utterman has committed to take up \$150,000 of any shortfall.

The underwritten commitments from Hunter Hall and certain directors will ensure a minimum \$678,000 capital raising. The maximum possible capital raising from the Rights Issue is approximately \$1,035,000. No underwriting fees will be payable by the Company.

Eligible Shareholders may also elect to participate in the Shortfall Facility by applying for new shares in excess of their pro rata entitlement. The shortfall may also be placed with third parties at the Board's discretion.

Business Progress

The year to June 2009 was the year of opening a substantial new manufacturing operation in Germany, the start of the sales ramp up and the year of Fluorotechnics' initial public offering (IPO).

Revenue for the 2009 financial year was below expectations at \$3.2 million. This result was caused partly by delays in marketing some gel products to prove-up quality control processes and also by unfavourable foreign exchange rate movements. As a consequence, there has been a reduction of working capital and the directors decided it appropriate to undertake this rights issue so as to maintain financial flexibility for the company.

Pleasingly, we are experiencing a strong level of interest for our newly developed Tower Gel System for which to date we have only been able to supply limited numbers to the market.

We have been devoting considerable effort addressing both scaling up of the production capacity for the Tower Gel System and in ensuring selected scientific opinion leaders in Europe and Asia are the early adopters of this new technology.

Production scale up for the Tower Gel System is on schedule to allow us to satisfy demand for the system following its official launch at a major proteomics conference in September.

We are now making good progress in the generation of forward orders for this new system, thus giving us confidence in the level of sales to be generated this year.

Accordingly, the Board maintains its sales guidance for the year to June 2010 of \$10-12 million.

The board and management are very positive about the position and future of the company. 2009 has been about building the foundations and 2010 is fundamentally about driving sales.

The company has prepared a presentation to be used to market any shortfall of the Rights Issue and we encourage you to view it using the following link to our website: www.fluorotechnics.com/presentations.php

Offer Document available online

Full details of the Rights Issue are contained in the Rights Issue Offer Document (**Offer Document**) lodged with the ASX on 7 August 2009. The Offer Document, Cleansing Notice and the Appendix 3B are available on the ASX's company announcement platform at www.asx.com.au and at www.fluorotechnics.com.

Your Entitlement

The Offer Document together with an Entitlement and Acceptance Form will be despatched to all Eligible Shareholders no later than Wednesday 19 August 2009.

How to Apply

Application for new shares under the Rights Issue may only be made by lodging a completed Entitlement and Acceptance Form with the applicable application money by the close of the Rights Issue at 5.00pm (Sydney time) on Wednesday 2 September 2009.

Shareholders eligible to participate in the Rights Issue should read the Offer Document carefully and consult their professional advisor before making any investment decision.

Event	Date
Announcement of Offer	7 August 2009
Lodgment of Appendix 3B, Offer Document and Cleansing Notice with ASX	7 August 2009
Despatch of notices to Shareholders informing them of the Offer	11 August 2009
Shares quoted on ex-entitlement basis	12 August 2009
Record Date for determining Entitlements	7pm 18 August 2009
Offer opens - despatch of Offer Document and Entitlement and Acceptance Form	19 August 2009
Offer Closing Date	5pm 2 September 2009
Shares quoted on deferred settlement basis	3 September 2009
Company notifies the ASX of under-subscriptions	7 September 2009
Despatch of holding statements and allotment and issue of New Shares	10 September 2009
Trading of New Shares on ASX expected to commence	11 September 2009

This timetable is indicative only and subject to change. The Directors reserve the right to vary these dates, including the closing date without prior notice, subject to the Listing Rules. Any extension of the closing date will have a consequential effect on the anticipated date for allotment and issue of the new shares.

If you have any questions, then please contact Ian Gilmour via email at igilmour@fluorotechnics.com or by telephone on +61 (0)401 700 106.

For and on behalf of
Fluorotechnics Limited



Rick Taylor
Non-Executive Chairman